

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 **IN THE MATTER OF DETERMINING**
5 **Whether there has been a violation of the**
6 **Securities Act of Washington by:**

7 **Alliance Trust, Clifton Wilkinson, U.S. Guarantee**
8 **Corp., Alvin A. Tang, their employees and agents,**

9 **Respondents.**

SDO - 68 - 99

SUMMARY ORDER TO CEASE AND DESIST

Case No. 99-05-0164

10 **THE STATE OF WASHINGTON TO:**

Alliance Trust
Clifton Wilkinson
931 Village Boulevard, Suite 905-199
West Palm Beach, FL 33409

U.S. Guarantee Corp.
Alvin A. Tang
6991 East Camelback Road, Suite B-101
Scottsdale, AZ 85251

11 **STATEMENT OF CHARGES**

12 Please take notice that the Securities Administrator of the State of Washington has reason to believe
13 that Alliance Trust, Clifton Wilkinson, U.S. Guarantee Corp., Alvin A. Tang, and their employees and agents
14 (collectively referred to as Respondents) have violated the Securities Act of Washington and that their
15 violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and
16 desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to
17 cease and desist from such violations would be hazardous to investors and to the public and that a Summary
18 Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:
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TENTATIVE FINDINGS OF FACT

1 I. RESPONDENTS

2 Alliance Trust is a self-described "Members Only Investment Trust" that has a mailing address of
3 931 Village Boulevard, Suite 905-199, West Palm Beach, Florida. This address coincides with a
4 Mailboxes Etc. facility located at 931 Village Boulevard, Suite 905, West Palm Beach, Florida. Alliance
5 Trust also describes itself as a "U.S. Trust" and a "U.S. Insurance Co." Clifton Wilkinson is purportedly
6 the "Trust Trustee" of Alliance Trust. U.S. Guarantee Corp. is a Nevada Corporation that has a principal
7 business address of 6991 East Camelback Road, Suite B-101, Scottsdale, Arizona. Alvin A. Tang is the
8 Chief Operating Officer of U.S. Guarantee Corp.

9 II. NATURE OF OFFERING

10 In approximately late May, 1999, Alliance Trust and/or Clifton Wilkinson mailed or caused to be
11 mailed literature concerning an investment opportunity (sometimes referred to as the "investment") to
12 current or former insurance agents located in the state of Washington. The mailed literature (sometimes
13 referred to as the "Announcement," a copy of which is attached and hereby incorporated by reference)
14 solicited these current or former insurance agents to become "Agents" of Alliance Trust and/or Clifton
15 Wilkinson. These Agents would be expected to market the investment in Alliance Trust to their clients,
16 presumably including Washington residents. The Announcement indicates that Alliance Trust is in the
17 business of buying and selling "financial and institutional debentures and properties." The
18 Announcement promises high yields and guaranty of principal for minimum investments of \$10,000 with
19 Alliance Trust. According to the Announcement, an investment of \$10,000 to \$500,000 will yield a 25%
20 annual return, investments of \$501,000 to \$1,000,000 will yield a 30% annual return, and rates of return
21 on investments above \$1,000,001 would be determined by special quotes. The Announcement indicated
22 that the Agents themselves have discretion to determine what part of the return would be paid to the
23 investor. Agents are required to pay an upfront fee of \$99 to obtain a "sales manual" which contains
24 needed information to become an Agent for Alliance Trust, and both Agents and investors are also
required to pay annual membership fees of \$99 to Alliance Trust. All investments are purportedly

1 guaranteed by Alliance Trust, which claims \$450,000 in assets. The Announcement states that no license
2 is required to become an Agent for Alliance Trust. The Announcement also contains language that an
3 average investor could reasonably interpret to conclude that Alliance has a "surety payment bond" with
4 U.S. Guarantee Corp., an entity represented to have assets of over \$6 billion, to assure repayment of 100%
5 of principal amounts invested. Alvin A. Tang, as Chief Operating Officer of U.S. Guarantee Corp., has by
6 letter dated August 20, 1999, represented that although U.S. Guarantee Corp. does not have a "formalized
7 and continuous agreement" with Alliance Trust, U.S. Guarantee Corp. will "corporately guarantee
8 transactions whereby U.S. Guarantee is fully indemnified by Alliance Trust." No disclosure document
9 containing complete material information about the investment, including but not limited to information
10 about management of Alliance Trust or U.S. Guarantee Corp., financial statements, risk factor disclosure,
11 or specific information about the business of Alliance Trust or U.S. Guarantee Corp., was provided to
12 Washington offerees.

13 III. REGISTRATION STATUS

14 Neither Alliance Trust and/or Clifton Wilkinson nor U.S. Guarantee and/or Alvin A. Tang are
15 currently registered to offer or sell securities in the state of Washington, nor have they previously been so
16 registered, no notification filing of claim of exemption for offers or sales by these persons is on file with
17 the Administrator of Securities, and it appears that Respondents do not otherwise qualify for an exemption
18 from such registration. Neither Clifton Wilkinson nor Alvin A. Tang are currently registered as securities
19 broker-dealers or salespersons in the state of Washington, nor have they previously been so registered,
20 and it appears that they do not otherwise qualify for an exemption from such registration.

21 EMERGENCY

22 The Securities Administrator finds that an emergency exists because Respondents are currently
23 offering said securities to residents of the state of Washington. The Securities Administrator finds that
24 this action is necessary and appropriate in the public interest and for the protection of investors and that
the public safety and welfare require emergency action. Circumstances have prompted at least two other

1 states to issue administrative orders in this matter: on August 30, 1999, the State of Arkansas Securities
2 Department issued an Amended Cease & Desist Order (No. 99-050-S) naming Respondents for violations
3 of that state's antifraud and securities, broker-dealer and agent registration provisions; on September 24,
4 1999, the State of Ohio Department of Commerce, Division of Securities issued a Cease and Desist Order
5 (Order No. 99-394) naming Alliance Trust for violations of that state's securities registration and
6 antifraud provisions.

7 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

8 CONCLUSIONS OF LAW

9 I.

10 The offer and/or sale of the investment opportunity as described in the above Tentative Findings
11 of Fact constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12),
12 definitional provisions of the Securities Act of Washington which encompass any evidence of
13 indebtedness or investment contract or any guarantee of an evidence of indebtedness or investment
14 contract.

15 II.

16 The offer and/or sale of said securities by Respondents Alliance Trust, Clifton Wilkinson, U.S.
17 Guarantee Corp., and Alvin A. Tang as described in the above Tentative Findings of Fact, was made in
18 violation of RCW 21.20.140, the securities registration requirement provision of the Securities Act of
19 Washington, because no registration or notification of claim of exemption for such offer and/or sale is on
20 file with the Securities Division of the state of Washington.

21 III.

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24 The offer and/or sale of said securities by Respondents Clifton Wilkinson and Alvin A. Tang, as
representatives for or on behalf of Alliance Trust and/or U.S. Guarantee Corp. as described in the above

1 Tentative Findings of Fact, was made in violation of RCW 21.20.040, the securities broker-dealer and
2 salesperson registration requirement provision of the Securities Act of Washington.

3 IV.

4 The offer and/or sale of said securities by Respondents Alliance Trust, Clifton Wilkinson, U.S.
5 Guarantee Corp., and Alvin A. Tang, as described in the above Tentative Findings of Fact, was made in
6 violation of RCW 21.20.010, the antifraud provision of the Securities Act of Washington, because (1) the
7 Announcement distributed to former or current Washington insurance agents contains language that an
8 average investor could reasonably interpret to conclude that Alliance has a "surety payment bond" with
9 U.S. Guarantee Corp., while by letter dated August 20, 1999 U.S. Guarantee disclaims any such
10 "formalized and continuous agreement" that would signify the possible existence of a legally binding
11 guarantee or surety arrangement with Alliance Trust; (2) the Announcement provides assurance that no
12 license is required to become an agent and fails to disclose the existence of the broker-dealer and
13 salesperson registration requirement provisions of the Securities Act of Washington; and (3) no disclosure
14 document containing complete material information about the investment, including but not limited to
15 information about management of Alliance Trust or U.S. Guarantee Corp., financial statements, risk
16 factor disclosure, or specific information about the business of Alliance Trust or U.S. Guarantee Corp.,
17 was provided to Washington offerees.

18 SUMMARY ORDER

19 Based on the premises of the foregoing,

20 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Alliance Trust,
21 Clifton Wilkinson, U.S. Guarantee Corp., Alvin A. Tang, and their employees and agents, each cease and
22 desist from violations of RCW 21.20.140, the securities registration requirement provision of the
23 Securities Act of Washington.

24 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Clifton Wilkinson,
Alvin A. Tang, and their employees and agents, each cease and desist from violations of RCW 21.20.040,

1 the securities broker-dealer and salesperson registration requirement provision of the Securities Act of
2 Washington.

3 IT IS THEREFORE HEREBY SUMMARILY ORDERED That Respondents Alliance Trust,
4 Clifton Wilkinson, U.S. Guarantee Corp., Alvin A. Tang, and their employees and agents, each cease and
5 desist from violations of RCW 21.20.010, the antifraud provision of the Securities Act of Washington.

6 AUTHORITY AND PROCEDURE

7 This Summary Order is entered pursuant to the provisions of RCW 21.20.390 and chapter 34.05
8 RCW. The Respondents may each make a written request for hearing as set forth in the Notice of
9 Opportunity to Defend and Opportunity for Hearing accompanying this order. A request for a hearing
10 should be in writing and sent to Deborah R. Bortner, Securities Administrator, Department of Financial
11 Institutions, P.O. Box 9033, Olympia, Washington 98507-9033 to the attention of Brad Ferber. If a
12 Respondent does not request a hearing as set forth in the Notice of Opportunity to Defend and
13 Opportunity for Hearing, the Securities Administrator intends to adopt the Tentative Findings of Fact and
14 Conclusions of Law as final and make this Summary Order to Cease and Desist permanent as to such
15 Respondent.

16 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

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18 Dated this _____ day of _____, 1999.

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20 _____
21 Deborah R. Bortner
22 Securities Administrator

23 Presented by: _____
24 Brad Ferber
Securities Examiner

Approved by: _____
Michael E. Stevenson
Chief of Compliance

1 of privilege recognized by law. You have the right to present evidence and witnesses in your own behalf, and to
2 cross-examine those witnesses presented in support of the Summary Order. You may require the attendance of
3 witnesses by subpoena. If you are limited English- speaking or hearing impaired, you have the right to have an
4 interpreter appointed at no cost to you, as discussed below.

5 INTERPRETER AVAILABILITY. If you or a witness for you is a person who, because of non-
6 English-speaking cultural background, cannot readily speak or understand the English language, or if you or a
7 witness for you is a person who, because of a hearing impairment or speech defect, cannot readily understand or
8 communicate in spoken language, including persons who are deaf, deaf and blind, or hard of hearing, AND
9 YOU NEED AN INTERPRETER, then a qualified interpreter will be appointed at no cost to you or to the
10 witness. You may request the appointment of a qualified interpreter by indicating your request on the attached
11 Application for Adjudicative Hearing form.

12 YOU ARE FURTHER NOTIFIED that if the Department of Financial Institutions does not RECEIVE
13 the Application for Adjudicative Hearing form within twenty (20) days from the date you received this notice,
14 this will constitute a waiver of your right to a hearing and the director will find that you do not contest the
15 allegations of the Summary Order. Upon such a finding by the director a final order will be immediately entered
16 disposing of this matter and ordering you to cease and desist as described in the Summary Order. If you desire a
17 hearing in this matter, please return the attached Application for Adjudicative Hearing to:

18 Washington State Department of Financial Institutions, Securities Division
19 Attn: Brad Ferber
20 Post Office Box 9033
Olympia, Washington 98507-9033

21 Dated this _____ day of _____, 1999.

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23 _____
Deborah R. Bortner
Securities Administrator

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STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

1 **SECURITIES DIVISION**

2 IN THE MATTER OF DETERMINING
3 Whether there has been a violation of the
4 Securities Act of Washington by:

5 Alliance Trust, Clifton Wilkinson, U.S. Guarantee
6 Corp., Alvin A. Tang, their employees and agents,

Respondents.

SDO - 68B(1) - 99

APPLICATION FOR ADJUDICATIVE
HEARING

Case No. 99-05-0164

7 THE STATE OF WASHINGTON TO:

Alliance Trust
Clifton Wilkinson
931 Village Boulevard, Suite 905-199
8 West Palm Beach, FL 33409

9
10 If you wish to contest the Summary Order To Cease And Desist and have an adjudicative
11 hearing, you must sign, date, and return this form within twenty (20) days of the date you received it, to:

12 Washington State Department of Financial Institutions
13 Securities Division
14 Attn: Brad Ferber
15 P. O. Box 9033
16 Olympia, Washington 98507-9033

17 FAILURE TO RETURN THIS FORM SO THAT IT IS RECEIVED BY THE DEPARTMENT OF
18 FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS OF THE DATE YOU RECEIVED IT WILL
19 CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO AN
20 ADJUDICATIVE HEARING AND WILL RESULT IN THE INFORMAL DISPOSITION OF YOUR CASE
21 AS AUTHORIZED BY RCW 34.05.440. In that case the Director may proceed to resolve this matter without
22 further notice or hearing. In such a case, the Director will immediately enter an appropriate order in disposition
23 of the Summary Order, to include prohibition against your engaging in certain business practices as described in
24 the Summary Order.

INSTRUCTIONS: Circle your desired responses to items I, II, and III below.

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I [REQUEST] [DO NOT REQUEST] a formal hearing in this matter.

II.

I [WILL] [WILL NOT] be represented by an attorney. His/her name, address, and telephone number are:

III.

I [REQUEST] [DO NOT REQUEST] that a qualified interpreter be appointed at no cost to me to interpret for (myself) or (my witness(es)). My, or my witness's(es)', primary language is _____ (identify language). My, or my witness's(es)', hearing impaired status is _____ (identify hearing impaired status). I understand that a qualified interpreter will be appointed at no cost to me or to my witness(es).

IV.

You have the right: To demand a hearing; to be represented by an attorney at your own expense; to subpoena witnesses to the hearing or subpoena the production of books or documents and to otherwise defend against the Summary Order.

WARNING: FAILURE TO COMPLETE AND MAIL THIS DOCUMENT SO THAT IT IS RECEIVED BY THE SECURITIES DIVISION WITHIN 20 DAYS AFTER YOU RECEIVED THE SUMMARY ORDER TO CEASE AND DESIST WILL RESULT IN THE DISPOSITION OF THIS CASE AS AUTHORIZED BY RCW 34.05.440.

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Dated this _____ day of _____, 1999.

Alliance Trust, by:

Signature

Print Name and Title

Address (if facing page is incorrect):

Clifton Wilkinson, as Trust Trustee of Alliance Trust and individually:

Signature

Address (if facing page is incorrect):

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Dated this _____ day of _____, 1999.

U.S. Guarantee Corp., by:

Signature

Print Name and Title

Address (if facing page is incorrect):

Alvin A. Tang, as Chief Operating Officer of U.S. Guarantee Corp. and individually:

Signature

Address (if facing page is incorrect):

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